

sent basis of taxation; and that, too, on the assumption of Mr. Annis that the average rate is only \$6 per mile.

Individual instances where the taxation of railways is, owing to neglect of assessors or ignorance of the law, not up to the proper standard, can furnish no sound argument against the existing law.

#### PROPOSED SYSTEM OF TAXATION OF RAILWAYS.

The Bill proposed by the Commissioners, not content with this inequality against the railways, would assess the 6,500 miles of railway, or 52,000 acres of railway lands in the townships, at the very least, at \$30,000 per mile (it has averaged a cost of over \$50,000 per mile), that is, at a total sum of \$200,000,000, so that, at 10 mills on the dollar, the railways would pay \$2,000,000 annually upon their lands (irrespective altogether of their lands in cities, towns and villages), or at the rate of \$38.46 per acre; while the remaining 23,584,178 acres of assessed farmers' lands in the townships would only have to raise in taxes something under \$3,000,000 altogether (the total taxes being \$4,862,630), or an annual tax of 12c. per acre, *i.e.*, three farms of 100 acres each would together pay some \$36 in taxes, or less than one mile of railway right of way adjoining, containing eight acres.

It is said, however, that while the farm lands in the townships of Ontario are worth over \$1,000,000,000, and are assessed at \$456,406,064, or about 45c. on the dollar, yet the railways of the Dominion of Canada are capitalized, including Dominion, provincial and municipal aid, at over \$1,000,000,000, and that the proportion applicable to the Province of Ontario would be nearly half that sum, the latter assumption, by the way, is clearly erroneous, since we are now dealing only with some 6,500 miles in

the townships, and the total mileage in the Dominion is now 18,868; so that allowing for an equal average expenditure throughout the whole Dominion, all that could be attributed to the 6,500 miles in the townships of Ontario would be some \$375,000,000. But can any one seriously contend that this \$375,000,000 expended in the construction of railways should be assessed and taxed on the same basis as the \$1,000,000,000 odd of farm lands?

In the first place, the Government, Dominion and Provincial, and the municipalities (the latter to a very small extent, only 1.5 of the total) contributed to the cost of building these railways; and the ground for such contribution was that the undertaking itself afforded no sufficient inducement for the investment of capital therein without this aid.

In the next place, the cost of construction, or the amount expended on the construction of a railway, is by itself no index of its present value, either for sale or for purposes of taxation. The cost of railway property, even though it could be ascertained from the books of the company is, owing to the changes in mechanical appliances, and the constant fluctuation in price of railway supplies, as well as the inflated values frequently paid for land and damages, rendered useless as the basis for any estimate. Further, the railways in Canada in many instances are now operated by companies who had nothing to do with the building of these lines, and there is no record of the original cost, even if it were of any value.

Again, the railway and its property stands in a different position altogether from the farmer and his lands. The farmer can use his lands in any way and for any purpose he may see fit: he can, subject to competition, of course, ask what price he pleases for his produce, while the railway, on the